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HOUSING & SHELTERING
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MEMORANDUM

TO: Select Board
FROM: Housing and Sheltering Committee
RE: Article 42. Petition—Affordability Restriction Echo Hill Apartments
DATE: May 10, 2013

Position on Article 42

At their May 8, 2013 meeting the Housing and Sheltering Committee voted unanimously (5-0) to endorse Article 42: Petition-Affordability Restriction Echo Hill Apartments with the following conditions:

- The use of eminent domain so long as there is an agreement and negotiated sale with the property owner.
- The purchase price be adjusted to \$2.5 million to reflect only the residential units. This would reduce the 15% paid by Town
- The units remain affordable in perpetuity to the extent feasible

The committee supports the article in principle—it is a value statement that the community would like to preserve affordable housing, keep residents from being dislocated outside of Amherst, and it could be an opportunity to add 24 affordable units to the Town's Subsidized Housing Inventory (SHI).

Background Information

In the past four months the Housing and Sheltering Committee has had discussions and presentations regarding the recent purchase of Echo Village Apartments by Eagle Crest Management and the imminent increase in rental payments that will force many residents out of their units. Current residents and tenants of Echo Village have expressed concern and disappointment that they are being priced out of their community as part of a private business transaction to increase profits, most likely making way for more student rental housing.

The Echo Village Apartments are comprised of 24 units and at the time of the recent sale, 11 units were occupied by tenants with mobile payment vouchers. Although these vouchers help tenants with the monthly rent, they do not restrict owners from raising rental payments beyond the limits of the voucher program or beyond what tenants can afford to pay. This is the situation at Echo Village: some residents would like to remain in the units because of their size and overall good condition, but they cannot afford to with the proposed rental increases. The units themselves at Echo Village are in a great location (village center with public transportation), are in good condition, and have the bedroom and bathroom count—7 4-bedroom/2 bath, 7 3-bedroom/1bath—that is very difficult to find in Amherst and is most appropriate for families. There are also two fully accessible units, including one of the four bedroom units.

Review of Article 42

The Housing and Sheltering Committee discussed Article 42 at three meetings in April and May 2013. These meetings were attended by tenants of Echo Village, citizens, Town staff and individuals representing local organizations: Craig's Doors, Housing for All, Community Legal Aid and the petitioners who sponsored the article and have now formed a coalition to preserve their housing at Echo Village. The committee was provided information about the apartments and the impact to the tenants of losing their home, local and state housing data, a primer on the Section 8 voucher program, and most recently at their May 8th meeting, an opinion from Town Counsel clarifying the legal action if Article 42 is adopted by Town Meeting and from the petitioner, a summary of who (town board/committee, state agency, etc.) has been contacted as well as an opinion from Community Legal aid describing the eviction process.

This information was integral to the committee's eventual support of Article 42 because:

1. Town Counsel's legal opinion made it clear that the article does not compel or require the Town to do anything. Rather, it authorizes the Town to acquire the property or a restriction on the property, and it authorizes borrowing of funds contingent on grants and other funding to reach the purchase price.
2. Community Legal Aid noted that the eviction process is legally complex and technical, and that it involves formal proceedings in a court of law that could take months; some tenants, even if evicted, could remain in their units until Fall 2014
3. The petitioner has done an incredible amount of work to gather resources, coordinate meetings and organizations, and to develop a strategy to preserve housing at Echo Village for the current tenants.

Through the discussion at the May 8, 2013 meeting the committee heard that there is little chance of securing the necessary funding before Town Meeting reviews the article. However, this impediment should not stall the current momentum because various strategies—seeking funding, Town actions and support, consultations with the owner—can occur on parallel tracks that converge at a later date. The committee was told by the petitioner that Echo Village would be an affordable housing project that is eligible to receive state and federal funds, and that state agencies could provide technical assistance and preliminary grants to help assemble an ownership/management plan. An affirmative Town Meeting vote would authorize the Town to be a part of this process and would show that the community supports affordable housing. The large number of multi-bedroom units within Echo Village, as stated earlier, is ideal for families and if the 24 units were purchased for approximately \$2.5 million, it would represent a very reasonable price per unit.

The committee also learned that only 19 of the 24 units were occupied when the property was purchased by Echo Gatehouse Partners, LLC (11 units with voucher holders), and that some tenants (none voucher holders) have left Echo Village. Many of the remaining tenants have received a formal eviction notice and are actively looking for other places to live. The tenants can place their name on waiting lists and contact non-profit housing managers such as HAPHousing, but they do not receive preference if applying to live in state sanctioned affordable housing such as Olympia Oaks because of compliance with fair housing laws. The Amherst Housing Authority completed a 'rent' reasonableness analysis of the units and determined that the monthly increase of approximately \$100 for the 2-bedroom units was within reason—certain voucher holders could reapply to remain in their units. One tenant has already gone through this process and a few others are in the reapplication phase. The rental increases

for the 3-bedroom units (\$600/month) and the 4-bedroom units (up to \$1,000/month) are not reasonable, such that voucher holders could not live in these units. It was also clarified that enhanced mobile vouchers could not be applied to Echo Village and that the Amherst Housing Authority has such a strained budget and with federal directives in place for 2013 there is no chance of using additional or reserve funds to help the tenants. The Housing Authority is facing their own funding shortfall to keep all the current voucher holders (413) on its roster housed for the year, but there is a good possibility of securing set-aside funding from HUD specifically for this shortfall.

The committee tried to tease out the intention of Article 42, if it is aimed at keeping the current tenants in Echo Village, or if its goal is more long term, to retain Echo Village as affordable housing in Amherst. The committee also asked for a description of the process moving forward if Article 42 is adopted and if the Town would use eminent domain. Members of the committee expressed concern that the use of eminent domain without an agreement by the property owner is fraught with legal repercussions, additional costs for the Town, and it may not be effective at keeping the current tenants in their units at Echo Village. The petitioner explained that the tenants would like to remain in their units, and this should be a goal of any strategy or discussion.

Ultimately, because Town Counsel's legal opinion explained that Article 42 does not compel the Town into action, the committee believed it is an expression of community values—the community supports affordable housing and supports keeping residents (families and children) in Amherst. The Article itself offers a range of acquisition and funding methods that will not be solidified before Town Meeting, such that the Committee did not support one method over another. The committee was also informed that the Amherst Housing Authority has not been approached by the tenants of Echo Village and there is no guarantee that they would partner with the Town or assume ownership and/or management of the property.

Endorsing the article was seen as a positive first step to say that in principle, it is worthwhile to preserve affordable housing in Amherst and it is an opportunity to try and acquire 24 existing units at reasonable per unit that could qualify for the State's Subsidized Housing Inventory (SHI). The recently adopted Housing Production Plan explains that Amherst has a significant shortfall of affordable units—affordability as defined by the State (household income less than 80 percent of Area Median Income) and affordability for local residents who may not qualify according to Federal and State guidelines but who have difficulty living in town. If the affordability of the 24 units could be preserved with restrictions and qualify for the SHI, it would represent half of the Town's annual target for production of affordable units according to the Housing Production Plan, and there are few if any other opportunities to meet this goal. Support of Article 42 could also serve as an opportunity for public outreach to help explain that Amherst needs to retain its diversity and mix of housing. The Housing Production Plan also makes clear that Amherst has lost a significant number of families and school-aged children in the past ten years, and that the cost of housing (rental and ownership) has become a burden for many different populations in the community. Driving this cost of housing is the student rental market where units are priced per bedroom or based on the number of possible tenants, making a 3-bedroom unit much too expensive for most families or individuals. The issue at Echo Village is an example of this trend.

Cc: Housing and Sheltering Committee